

**STATE OF MICHIGAN**  
**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**  
**Before the Director of the Department of Insurance and Financial Services**

In the matter of:

**Supportive Living Services**  
**Petitioner**

**File No. 21-1783**

**v**

**Auto Club Insurance Association**  
**Respondent**

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**Issued and entered**  
**this 19<sup>th</sup> day of January 2022**  
**by Sarah Wohlford**  
**Special Deputy Director**

**ORDER**

**II. PROCEDURAL BACKGROUND**

On November 20, 2021, Supportive Living Services (Petitioner) filed with the Department of Insurance and Financial Services (Department) a request for an appeal pursuant to Section 3157a of the Insurance Code of 1956 (Code), 1956 PA 218, MCL 500.3157a. The request for an appeal concerns the determination of Auto Club Insurance Association (Respondent) that the cost of treatment, products, services, or accommodations that the Petitioner rendered was inappropriate under Chapter 31 of the Code, MCL 500.3101 to MCL 500.3179.

The Petitioner's appeal is based on the denial of a bill pursuant to R 500.64(3), which allows a provider to appeal to the Department from the denial of a provider's bill. The Respondent issued the Petitioner a bill denial on October 20, 2021. The Petitioner now seeks reimbursement in the full amount it billed for the dates of service at issue.

The Department accepted the request for an appeal on December 14, 2021. Pursuant to R 500.65, the Department notified the Respondent and the injured person of the Petitioner's request for an appeal on December 14, 2021 and provided the Respondent with a copy of the Petitioner's submitted documents. The Respondent filed a reply to the Petitioner's appeal on December 15, 2021.

**II. FACTUAL BACKGROUND**

This appeal concerns the appropriate reimbursement amount for behavioral health services rendered in a long-term residential care on July 2 through 31, 2021 under Healthcare Common Procedure Coding System (HCPCS) Level II T2048, which is described as behavioral health; long term care residential treatment program; with room and board, per diem.

With its appeal request, the Petitioner submitted documentation that included an *Explanation of Review* letter, an order signed by a physician ordering residential placement for two years, progress notes indicating the injured person's diagnoses as a traumatic brain injury (TBI), depression, impulsive behavior secondary to a TBI, anxiety disorder secondary to a TBI, and chronic headaches. The Petitioner also submitted a narrative outlining its reason for appeal, which stated that the parties' agreed upon rate for residential care was \$ [REDACTED] per day, and now the Respondent is allowing \$ [REDACTED] per day.

The Petitioner's request for an appeal stated:

In September 2020 [the Petitioner was] contacted by [the injured person's] mother and his treating physician to ask if [we] would consider taking [the injured person] back into our residential program. The arrangements were made through the [Respondent] and the [Michigan Catastrophic Claims Association (MCAA)] to bring [the injured person] back into residency at [the facility.] In September of 2020, the MCAA approved our rate at \$ [REDACTED] per day.

In its *Explanation of Review*, the Respondent stated its reimbursement amount was recommended based off the applicable percentage of the Petitioner's charge description master (CDM) and adjusted by the annual Consumer Percentage Index (CPI). In its reply, the Respondent stated:

[The Respondent is] unable to provide a response on this case because the denial does not involve Utilization Review or Fee Schedule Denial. The provider is disputing their own CDM, and bills in question have been priced according to [the Petitioner's] CDM.

On December 9, 2021, the Department requested that the Petitioner submit its CDM. See MCL 500.3157(7). The Petitioner responded and submitted its CDM to the Department on December 14, 2021.

### III. ANALYSIS

#### Director's Review

Under MCL 500.3157a(5), a provider may appeal an insurer's determination that the provider overutilized or otherwise rendered inappropriate treatment, products, services, or accommodations, or that the cost of the treatment, products, services, or accommodations was inappropriate under Chapter 31 of the Code. This appeal involves a dispute regarding cost.

For dates of service after July 1, 2021, MCL 500.3157 governs the appropriate cost of treatment and training. Under that section, a provider may charge a reasonable amount, which must not exceed the amount the provider customarily charges for like treatment or training in cases that do not involve insurance. Further, a provider is not eligible for payment or reimbursement for more than specified amounts. For treatment or training that has an amount payable to the person under Medicare, the specified amount is based on the amount payable to the person under Medicare. If Medicare does not provide an amount payable for a treatment or rehabilitative occupational training under MCL 500.3157(2) through (6), the provider is not eligible for payment or reimbursement of more than a specified percentage of the provider's charge description master in effect on

January 1, 2019 or, if the provider did not have a charge description master on that date, an applicable percentage of the average amount the provider charged for the treatment on January 1, 2019. Reimbursement amounts under MCL 500.3157(2), (3), (5), or (6) may not exceed the average amount charged by the provider for the treatment or training on January 1, 2019. See MCL 500.3157(8); MAC R 500.203.

HCPCS Level II code T2048 does not have an amount payable under Medicare. Accordingly, to calculate the appropriate reimbursement amount, the Department relied on the Petitioner's submitted CDM as of January 1, 2019 for HCPCS code T2048. Pursuant to MCL 500.3157(7), the amount payable to the Petitioner for the procedure code and dates of service at issue is as follows:

HCPCS Code	January 1, 2019 CDM amount	55% of the January 1, 2019 CDM amount	4.11% CPI adjustment	Amount payable for the dates of service at issue
T2048	\$ [REDACTED] /day	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED] /day

Accordingly, the Department concludes that the Petitioner is not due additional reimbursement for the dates of service at issue.


#### IV. ORDER

The Director upholds the Respondent's determination dated August 20, 2021.

This order applies only to the treatment and dates of service discussed herein and may not be relied upon by either party to determine the injured person's eligibility for future treatment or as a basis for action on other treatment or dates of service not addressed in this order.

This is a final decision of an administrative agency. A person aggrieved by this order may seek judicial review in a manner provided under Chapter 6 of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.301 to 24.306. MCL 500.244(1); R 500.65(7). A copy of a petition for judicial review should be sent to the Department of Insurance and Financial Services, Office of Research, Rules, and Appeals, Post Office Box 30220, Lansing, MI 48909-7720.

Anita G. Fox  
Director  
For the Director:

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Sarah Wohlford  
Special Deputy Director  
Signed by: Sarah Wohlford